

Cash App Pays Out to States in Multistate Settlement

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Last week, 46 states led by Oregon and Texas settled a multistate investigation into Block, Inc., owner of Cash App, for \$45 million relating to alleged state unfair and deceptive trade practice law violations related to representations regarding platform safety and security. States' [allegations](#) included that through at least 2021:

- Marketing misled consumers that the app had safety and security similar to banks, when the app did not have consistent fraud detection practices.
- Ads misrepresented FDIC insurance coverage of balances.
- The app did not provide inbound phone support, despite being aware that this “created opportunities for fraud” through fake phone numbers.
- A promotion encouraging users to post their username publicly generated account takeover fraud.
- Responses to fraud were inadequate and inconsistent with the statements made on the website regarding support and protections.
- Despite promises of quick cash access, frequent account freezes with limited customer support left consumers without the means to pay for necessities.

This is not the first time states have alleged that payment transfer services violated UDAP laws through their marketing of safety or security, or permitting fraud on the platform. For example, last year [AG James sued](#) the parent company of Zelle on a similar theory, and Texas previously settled with PayPal regarding the [Venmo](#) app's practices.

The [Agreed Final Judgment](#) requires Block to:

- Comply with the federal EFTA Regulation E, including by conducting investigations of notices of error and providing any provisional credits required by the regulation, without requiring the customer to take certain additional steps such as filing a police report.
- Create a governance process for compliance including a committee reporting to the board.
- Prohibit misrepresentations regarding customer service, fraud protections, and banking (including where applicable making specific disclosures that the app is not a bank).
- Provide education to consumers about common fraud on the platform, and create procedures designed to reduce fraud.

- Implement procedures to respond to account takeovers and establish procedures pertaining to account suspensions and deactivations.
- Appropriately staff customer service to resolve customer complaints, including live 24-hour support with “human” support available during specified hours.
- Comply with the CFPB’s prior [2025 settlement](#) pertaining to Block’s conduct in providing customer redress, and make a \$45 million payment to the states.

Key takeaways for all companies:

- Make sure your customer support practices and staffing aligns with marketing promises.
- If you become aware of customer complaints regarding an issue, don’t ignore them. This could become a basis for a “failure to disclose” allegation for a known issue.
- Don’t assume that once a federal enforcement agency acts, state AGs will back down. They may take the action into account but continue with their own independent authority and avenues for relief.
- This settlement serves as another example that despite political differences, states are still working together on key consumer protection initiatives.